

AR41

WESTERN MINES LIMITED
(NON PERSONAL LIABILITY)

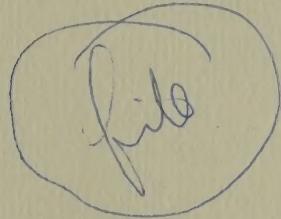
CONSOLIDATED STATEMENT OF SOURCE AND USE OF WORKING CAPITAL
for the six months period ended March 31, 1968

SOURCE	USE	
Net Income from operations		\$ 2,104,733.09
Depreciation, which did not represent an outlay of cash		\$ 245,597.97
Less applied to disposal of fixed assets		27,566.34
		219,031.63
Proceeds from disposal of fixed assets		6,417.25
Received from exercise of employees stock options		13,200.00
Total funds		2,343,381.97
Repaid on bank loan		900,000.00
Increase in long term debt maturing within one year		826,238.81
		1,726,238.81
INCREASE IN WORKING CAPITAL		617,143.16
WORKING CAPITAL DEFICIENCY OCTOBER 1, 1967		1,141,461.62
WORKING CAPITAL DEFICIENCY MARCH 31, 1968		\$ 524,318.36
REPRESENTED BY:		
Current liabilities		3,493,203.91
Current assets		2,988,885.55
		\$ 524,318.36
Note:	Current liabilities include:	
	Trade liabilities	\$ 450,606.23
	Installments on bank loan and mortgages due within one year	1,896,347.72
	Interest on income debentures	1,146,249.96
		\$ 3,493,203.91

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One Bentall Centre
505 Burrard Street
Vancouver 1, B.C.



INTERIM REPORT
TO SHAREHOLDERS

QUARTER ENDED MARCH 31, 1968

WESTERN MINES LIMITED

(NON PERSONAL LIABILITY)

To the Shareholders:

The following interim report covering the operations of your Company for the quarter and the six month's period ended March 31, 1968 is submitted for your information. The operations for the quarter ended March 31, 1968 produced a net income of \$1,159,897 compared with \$944,836 for the quarter ended December 31, 1967. The figures are subject to audit.

Mill feed averaged about 875 tons per day, almost entirely from the open pit. Mine development continued at a low level but will be accelerated towards the end of the current quarter-year.

A re-examination of the open pit operation indicates that an additional tonnage of underground reserves may be mined from the pit, thus enabling the present rate of operation to be maintained at least until the end of 1969. This however increases the amount of stripping required, with consequent increased costs.

By the end of March a total of 1 1/4 million dollars had been invested in short term securities to be available for the payment of debenture interest in June. In addition we have set aside \$400,000.00 which will be available for the next bank loan instalment, payable on July 15, 1968 in the amount of \$860,000.00. This plan of setting aside earnings on a monthly basis will be continued until the bank debt is liquidated. We have managed to keep well ahead of the debt repayment schedule since the terms of the bank loan were renegotiated last summer.

The Department of National Revenue has informed us that income derived from the operation of our mine during the period commencing February 1, 1967 qualifies for the three year tax exemption available to new mines.

April 21, 1968

W. G. JEWITT,
President

OPERATING STATISTICS		Three months ended March 31, 1968	Six months ended March 31, 1968	SUMMARY OF EARNINGS		Three months ended March 31, 1968	Six months ended March 31, 1968
Tons milled		81,123	161,691	Gross smelter returns		\$ 3,004,431	\$ 5,871,844
Ore grade %				Less treatment and market charges		779,062	1,549,402
Copper		2.06	1.98			2,225,369	4,322,442
Zinc		9.11	9.16	Add U.S. Premium		190,607	355,798
Concentrate grade %				Net value of production		2,415,976	4,678,240
Copper		23.20	22.83	Operating costs including administration		1,036,477	2,017,053
Zinc		54.34	53.89	Operating profit		1,379,499	2,661,187
Recoveries %				Interest and miscellaneous charges, less interest earned		103,403	309,856
Copper		78.2	80.5	Net income before depreciation		1,276,096	2,351,331
Zinc		82.7	84.0	Depreciation		116,199	246,598
Average metal prices per pound U.S. cents				Net income		1,159,897	2,104,733
Copper		59.2	55.5				
Zinc		12.0	12.0				
SHARES ISSUED AND OUTSTANDING							
						4,786,616	4,786,616
EARNINGS PER SHARE							
						24.2c	43.9c